

FISCAL NOTE
SB 376 - HB 1887

April 15, 2003

SUMMARY OF BILL:

- Requires the State Board of Education to develop and adopt policies, formulas, and guidelines for the fair and equitable distribution and use of public funds among public schools. Such policies, formulas and guidelines shall include, among other things, provisions for teacher salaries.
- Removes statutory language requiring current salary equity funding and directs the Commissioner of Education to establish a formula to *account for the cost of providing teachers*. State funds for teachers' salaries would be appropriated according to this formula and distributed through the BEP.
- Directs the BEP Review Committee to conduct an annual cost review of teachers' salaries.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - The cost to state and local governments to *account for the cost of providing teachers* will depend upon the formula established by the State Board of Education and the Commissioner of Education. Since teachers salaries funded through BEP formula have not yet been established, the cost of providing teachers cannot be determined. However, the impact on state and local governments from enactment of this bill is estimated to be significant.

Estimate assumes:

- teachers will receive at least the same salary under this bill that they are receiving currently.
- any increase in teacher salaries will require additional funding for the Tennessee Consolidated Retirement System to maintain actuarial funding.
- the bill removes the statutory requirement for existing salary equity funding. In FY2003, this funding included \$11,858,100 in state funding and \$1,682,000 in local funding.
- based on a recent Supreme Court decision, such a formula will likely result in a significant increase in state funding through the BEP and, therefore, a significant increase in local revenue. However, since the provisions of the new funding formula are unknown, the impact cannot be determined but is estimated to be significant on state and local governments.

For information purposes:

- the State Board of Education and the Commissioner of Education are directed to establish a formula for computing the cost of providing teachers.
- the grand total from all sources to fund teacher salaries is currently \$3,231,044,481.
- the state funds \$1,606,465,869 of this cost that is generated through the BEP for instructional salaries.
- currently, there are 66,442 instructional positions. Approximately 12,000 of these positions are funded outside the BEP with local governments paying 100% of the cost.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director